



U.S. Department of State FY 2000 Country Commercial Guides: Latvia

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I. Executive Summary

This Country Commercial Guide (CCG) presents a comprehensive look at Latvia's commercial environment, using economic, political and market analysis. The CCGs were established by recommendation of the Trade Promotion Coordinating Committee (TPCC), a multi-agency task force, to consolidate various reporting documents prepared for the U.S. business community. Country Commercial Guides are prepared annually at U.S. embassies through the combined efforts of several U.S. Government agencies.

Latvia has since regaining independence rapidly advanced towards restored market economy with steady economic and financial reforms paving its way. Latvia may be a small country with its 2.5 million inhabitants, but nevertheless a potentially attractive market for American IT equipment and services, capital machinery and equipment, and consumer products. Being the middle one of the three Baltic States gives it a perfect location as a commercial, financial and transportation hub for Russia/Baltic region.

The commercial environment is very friendly to foreign companies. There are no controls on import, export, or use and conversion of foreign currencies, which makes investment and repatriation of profits easy. The Latvian government has adopted modern laws establishing copyrights, patents and trademarks and enforcing their protection. Telecommunication services have been modernized, real estate market looks promising with both modern housing and reasonably priced business venues available. English is the West European language of choice in government and business.

The Latvian economy grew at a healthy pace until the Russian economic crisis hit in 1998 and slowed the growth down considerably, with negative fiscal and external account developments and noticeable GDP and industrial production contractions. Towards the end of 1999 the economy seemed to be picking up again, as the budget cuts recommended by IMF started to show their effect, and even trade and FDI figures looked promising. The Latvian economy is based on service industries like transportation

and financial services and light industry, e.g., wood, textiles, food processing. Most of the light industry sectors suffered due to the Russian crisis and made Latvian trade turn increasingly towards Western Europe.

American products face strong competition in the Latvian market from the EU and CIS. Due to historical trade relations, companies from for example Sweden, Germany and Finland approach the Latvian market with great confidence. The U.S. hosts the largest Latvian immigrant community in the world, and several Latvian-Americans have returned to Latvia and assumed leading roles in the business community. Latvia became a member of WTO in 1999, and has free trade agreements with 26 countries, including European Union, EFTA, several CEFTA countries and Ukraine. Latvia has also concluded bilateral investment agreements with the majority of European and CEE countries and the United States.

Most U.S. companies doing business in Latvia rate the business environment among the best in Eastern Europe. The courts, the legal system, trade and other regulations and tax structures are slowly being modified towards the industrialized west. Government bureaucracy, corruption and organized crime, typical to the old Soviet Bloc countries, have been the main impediments to U.S. trade and investment even in Latvia. While these obstacles have sometimes made it more elaborate to do business in Latvia than in the west, very few U.S. companies have abandoned the Latvian market because of them.

U.S. exporters seeking general export information/assistance and country specific commercial information should contact the U.S. Department of Commerce, Trade Information Center by phone sat 1-800-USA-TRAD(E) or by fax at 202 482 44730.

II. Economic Trends and Outlook

Since re-achieving independence, Latvia has adopted a comprehensive reform package, involving price and trade liberalization, privatization and macroeconomic stabilization. Latvia's private sector accounts today for 65% of the GDP, and 69% of the employment. In 1998, the inflation was down to 2.8% from 7.0% in 1997 (13% in 1996), and the 1999 inflation has settled at 2.9. The government's estimate for the annual inflation in the year 2000 is 3 percent. Latvia's national currency Lat is freely convertible and has appreciated against world currencies. In order to remain stability, Lat is loosely pegged to the SDR.

The growth of the Latvian economy slowed considerably in 1998 due to the financial crisis in Russia. GDP grew by only 3.6 percent, which is less than half of the rate in 1997. The growth was driven mainly by private consumption that was up by 6 percent. In the first quarter of 1999 the on-year change in GDP was -2.3 percent. While the industrial output has continued to decline due to the Russian crisis and was in September 1999 11.6% below the level reached a year earlier, the financial experts still predict 1 percent growth in GDP for 1999. In the summer of 1998 the IMF recommended budget cuts in Latvia in order to balance the declining GDP and the increasing foreign debt. The implemented cuts started to show their effect during 1999: Fitch IBCA re-assigned a reasonably favorable credit rating for Latvia; trade figures with Western Europe and the United States were encouraging; FDI increased, and unemployment showed signs of decrease.

Latvia has no controls on import, export, nor use and conversion of foreign currencies, making investment and repatriation of profits exceptionally easy. Latvian government has adopted modern laws establishing copyrights, patents, trademarks and intellectual property rights protection.

The privatization of medium-sized and large enterprises that commenced in 1994 is almost completed. The Latvian Privatization Agency adopted a case-by-case approach regarding the methods of privatization. In most of the larger enterprises, several methods were combined, including international tenders, direct sales, public auctions and public offerings on the stock exchange. The government has expressed its intention to accelerate the remaining privatization of both the electrical monopoly Latvenergo, the Latvian Shipping Company and the telephone company Lattelekom in 2000.

The amount of FDI grew considerably in 1996 and 1997 due to the intensive privatization. This growth declined by some 50 percent in 1998 and amounted to 4 percent of GDP. This was partly due to the Russian crisis and a tendency to hence postpone huge investment projects, especially in industries linked with exports to CIS, e.g. food and textile industry and electric engineering. The major investments in 1998 were made in the financial sector and in the wholesale-retail trade, and the main investment sectors in 1999/2000 will be energy and transportation due to the privatization of the large remaining state enterprises. In the first quarter of 1999, FDI to Latvia amounted to 6.4 percent of GDP, an approximately one percent's decrease from 1998.

Latvia's key imports are mineral products, raw materials and energy sources that have been imported mainly from Russia, and machinery and electrical equipment that is imported from the EU and the U.S. The main trade partners are Germany with 16 percent, United Kingdom with 13 percent and Finland with 10 percent of total imports to Latvia. Imports to Latvia increased by 19 percent during 1998. The EU's growing share in trade with Latvia amounted to 57 percent of export and 55 percent of import in 1998. In the first five months of 1999, the trade deficit narrowed by 19 percent compared to 1998, exports declined by 10 percent and imports by 14 percent.

The total imports from U.S. in 1998 amounted to approximately USD 65 million. During the first six months of 1999, the approximate imports from U.S. amounted to USD 24 million. The best prospects for U.S. exports are IT equipment including telecommunications equipment, electronic components and electrical machinery, light industry equipment, transportation vehicles and pharmaceutical products.

Latvian government has set a political goal to fulfill the conditions for EU membership by 2002. The schedule and concrete tools for this goal are outlined in the National Program for Integration into the European Union. Latvia was accepted into the WTO in 1998 and became a full member in February 1999.

One of Latvia's strongest business attractions is its location as a commercial, financial and transportation hub for Russia/Baltic region. Just over a third of Latvia's population is concentrated in Riga, which is the largest city in the Baltics. Latvia has a well-developed road network carrying traffic from the main Latvian ports eastward and from north to south along Via Baltica.

III. Political Environment

According to the Latvian Constitution from 1992, the Government consists of the Cabinet of Ministers led by the Prime Minister. The parliament (Saeima) has 100 representatives elected for a three-year period. The last election was held in 1998.

The year 1999 was marked by continued stability and strengthening of Latvia's democratic institutions. On June 17, the parliament elected a new state president, Canadian-Latvian Vaira Vike-Freiberga. She is Latvia's second president since independence and the first woman president in Central Eastern Europe. Further political

change occurred in July when the government headed by Prime Minister Valdis Kristopans resigned. The present government headed by Andris Skele of the People's Party came into office on July 16. It is composed of Latvia's three large center-right parties and is stressing continuity in domestic and foreign policies. Skele has served twice previously as Prime Minister and is known as a pragmatic, strongly pro-business leader.

The Latvian government's policies reflect a broad public consensus in support of economic reform, democracy and the rule of law, and the integration of Latvia into Euro-Atlantic institutions, particularly the EU and NATO. In keeping with these aspirations, Latvia is modifying almost every sphere of its legislation to accord with EU requirements and is working to strengthen its regulatory and judicial institutions. Latvia's judiciary is an independent branch of government, but it is still weak and insufficiently trained, and organized crime and corruption are significant problems.

During 1999, Latvia made substantial progress in advancing the integration of its approximately 700,000 (largely Russian-speaking) non-citizens. The most difficult political issue of the year was the government's effort to revise the language law to promote the use of the Latvian language. The parliament passed a new law on July 8, which the OSCE, the EU, Russia and the US criticized as not meeting international criteria for protecting private institutions against government intrusion. The new President sent the bill back to Parliament to respond to the criticism and it is presently being reworked. Another difficult political issue deals with the atrocities that occurred in Latvia during the Holocaust and the Soviet occupation. The former President Ulmanis sponsored the establishment of a Historical Commission to look into and document that period.

Latvia has made great progress during 1999 toward its goal of EU accession as negotiations will begin in early 2000. Latvia's relations with the U.S. also grew during the year. Instruments of ratification of the mutual legal assistance treaty were exchanged in October and a treaty on Avoidance of Double Taxation was ratified by both countries. In contrast, Latvia's relations with Russia have continued to be difficult. The Russian government has refused to restart the Latvian-Russian intergovernmental commission or to sign a border agreement. Moreover, Russia has implemented restrictive transport, customs and banking regulations that target trade and financial transactions with Latvia.

IV. Marketing U.S. Products and Services

Distribution and Sales Channels

Marketing consumer products in Latvia has previously been inhibited by the lack of large distributors or wholesalers, but the situation has changed rapidly over the past few years. Food and grocery import, wholesale and retail operations are handled by private food wholesale companies, such as Interpegro, Prodimpex and Hanzas Uznemums.

Seasonal agriculture and food products are still sold at farmers markets located in largest cities, although there is a growing network of small grocery and produce stores. Traditionally, most grocery shopping has been done in small, specialized stores, such as a dairy store or a corner bakery but several large supermarkets have opened in the past years. The grocery/dry goods situation changed substantially with the entry of the Norwegian-Latvian joint venture Varner Baltija, which has brought the Norwegian retail chain "Rimi" to Latvia. The group has opened several modern supermarkets and transformed the Soviet style department store in the center of Riga into a modern grocery and department store.

Use of Agents/Distributors

At present, there are no laws that regulate the relationship between a foreign company and its distributors or agents in Latvia. A distributor relationship can be terminated according to the provisions stipulated in each specific distributor agreement.

A common practice is to appoint one distributor/agent to cover the entire country. Due to the small size of the Latvian market, one importer may carry products from several industry sectors.

U.S. companies looking for agents or distributors in Latvia should contact the nearest U.S. Department of Commerce Export Assistance Center for Agent/Distributor Service, Latvian Development Agency for a list of Latvian importers or the Commercial Office in the U.S. Embassy in Riga.

Franchising

Franchising has not been a very popular or well understood and regulated form of business arrangement in Latvia, but is gradually growing in popularity. Franchising arrangements are regulated under the Law on Competition.

Joint Ventures/Licensing

A joint venture with a local partner can be a significant help for a U.S. company with little or no experience of the East European business practices. A good choice can be a company that is already registered with the Latvian Chamber of Commerce and Industry. However, it is highly advisable to find out as much as possible about potential partners. Basic information on a local company as well as its credit rating can be obtained from Latvian business information companies.

Steps to Establishing an Office

If a foreign company decides to set up a subsidiary in Latvia, there are three forms of legal entities available

- limited liability company (SIA)
- joint stock company (AS)
- representative (branch) office of a foreign company

Limited liability and joint stock companies are established upon registration with the Latvian Enterprise Register. A limited liability company has the rights of a juridical person and may be established with a minimum statutory capital of 2,000 Lats (approximately \$3,400 at the current exchange rate of 0.585 Ls per dollar) by a physical person or another company. A limited liability company may have up to 50 shareholders.

Companies with more than 50 shareholders, as well as companies that make public offerings of securities, or are formed by privatizing state enterprises using privatization certificates must be established as joint stock companies. This is a less popular form of organization for foreign investors since the structure and legal requirements for registration are more complicated than for limited liability companies. A joint stock company also has the rights of a juridical person. The minimum statutory capital is 5,000 Lats (higher amounts are required to establish banks, insurance companies, currency exchanges and pawnshops). In five years, the minimum legal capital of a joint stock company will be increased to Ls 25,000. Establishment of a foreign bank branch is subject to the approval of the Bank of Latvia.

Representative offices of foreign companies may be established for an initial period of five years. The fee for opening a representative office is \$800; extensions cost \$100. Non-profit organizations and branch operations without an office in Latvia may be established for \$50.

Representative offices of foreign companies are not allowed to carry out commercial activities (business for profit) in Latvia. Such offices should be registered with the Register of Enterprises. These representative offices do not have a status of a separate legal entity. At present, the Register of Enterprises also has a separate procedure for registration of permanent representative offices that have the right to engage in commercial activities. This option, however, is expected to be revoked in near future.

Advertising and Trade Promotion

Advertising may be conducted freely in any printed or electronic media. The leading newspaper in Latvia is "Diena" (Day), which is published in both Latvian and Russian. The leading business newspapers are "Dienas Bizness" (Business of the Day), published in Latvian, and "Biznes i Baltiya" (Business and the Baltics), published in Russian. "Vakara Zinas" is a popular tabloid. "SM-Segodnia" is widely read by the Russian-speaking population.

Applications for the grant of a patent or registration of a trademark can be made in Latvian, English, Russian, or German to the Latvian patent office, either directly or through a legal representative. Any patent or trademark may be invalidated by a court if it does not meet the legal requirements for granting a patent or the substantive provisions for registering a trademark. Intellectual property rights may be enforced through Latvian court action.

Consultation with a Latvian attorney is recommended before establishing a business or an intellectual property right in Latvia. While an attorney must be a Latvian citizen to be admitted to the bar, a number of practicing attorneys in Riga are dual-national immigrants who have received their entire legal education in the United States or Canada. The U.S. Embassy can provide upon request a list of U.S. lawyers practicing in Latvia.

V. Leading Trade Prospects for U.S. Business

Best Prospects for Non-Agricultural Goods and Services

1. Computers & Peripheral Equipment (CPT)
2. Telecommunications Equipment (TEL)
3. Computer Services
4. Pollution Control Equipment (POL)
5. Forestry/Woodworking equipment (FOR)

Sector Rank: 1

Sector Name: Computers & Peripheral Equipment

ITA Industry Code: CPT

Information technology is the most dynamic and most rapidly developing industry in Latvia. The development of Western-style information society has been a vital part of Latvia's strategy prior joining the EU. Computer hardware segment covers approximately 50% of the Latvian IT market. Personal computer sales accelerated in 1997 and 1998, increasing by between 30% and 80%. The number of personal computers sold in 1998 was 180 000.

Best prospects for U.S. computer hardware exports to Latvia are personal computers with Pentium III processors, small and medium multi-processor servers and multimedia equipment.

Sector Rank: 2

Sector Name: Telecommunications Equipment

ITA Industry Code: TEL

The telecommunication sector has been growing rapidly in Latvia since the establishment of Lattelekom in 1994. This joint venture between the state and a consortium of European Telecom companies is still in the process of modernizing the fixed public telecommunications network, including pay phones. Lattelekom is also in the process of establishing fibre-optic links to the neighboring Baltic States and to Sweden and Finland, and planning to establish one also between Latvia and Belarus.

The best growing sub-sectors of telecommunications are digital lines, mobile telecommunications and paging services. Latvia has one of the highest mobile phone penetration rates in CEE with 10% of the population using mobile telephony. Both mobile and paging operators are eager to keep in pace with the latest technology and network infrastructure.

Sector Rank: 3

Sector Name: Computer Services

ITA Industry Code: CPS

One of Latvia's priorities since regaining independence has been to update the outdated tele- and data communications network, and large investment have been made both on telecommunication and high-speed data transmission networks.

Y2K compliance has been one of the main factors increasing the need for computer services. Also, the majority of Latvian companies, government institutions and financial institutions have commenced the development of their IT systems, including back office systems, LANs, accounting and financial control systems. Both electronic commerce and Internet are rapidly penetrating the Latvian market, increasing the need for computer related services and support. Best prospects for U.S. exports in the computer services sector are: Internet/intranet, systems and networks implementation, education and training, and support services.

Sector Rank: 4

Sector Name: Pollution Control Equipment

ITA Industry Code: POL

The Soviet era left behind heavy polluted large industrial areas, transportation crossroads and abandoned Russian army bases. Latvia is eager to invest funds and resources in environmental protection in order to meet the EU and other international convention requirements. Both Latvian Ministry of Environmental Protection and the municipal governments have implemented several environmental projects ranging from wastewater treatment to landfill.

Best prospects for U.S. exports in the environmental sector are counseling services, wastewater treatment technology, ozone-friendly technologies on industry level, pollution control equipment for oil and transportation industries and water supply and sewerage development.

Sector Rank: 5

Sector Name: Forestry/Woodworking equipment (FOR)

ITA Industry Code: FOR

Forestry and wood processing industry has a long tradition in Latvia. Some 45% of the land area is classified as forest out of which approximately 7 acres are available for commercial forest operations. The approximate amount of annual timber harvest is 8.3 million cubic meters. The local saw mill industry has potential for expansion but the existing mills are in need of technology and machinery upgrades and the new establishments both managerial and marketing know-how. Timber and saw mill industries have potential for foreign investment. Both raw materials and labor are available at low cost.

Best prospects for U.S. exports are saw mill equipment, woodworking machinery, plant technologies and training.

VI. Trade Regulations and Standards

Latvia passed its current customs laws in October, 1994, with adjustments for the European Union requirements taking effect on July 1, 1997. Customs duties apply both to the import and export of goods. Latvia requires licenses for the import of grains, sugar, fuel, tobacco, alcohol and arms, and for the export of ferrous and non-ferrous metal scrap, ethyl alcohol, and spirits. Overall, there are 97 classes of goods which correspond to HS Codes. In case of disputes, the official European version of codification is used.

The applicable import rates vary depending on the origin and the type of the goods imported. The basic rate is from 0 to 55 percent. There are separate rates applicable to goods originating in countries with Most-Favored-Nation status and with which Latvia has free-trade agreements. Export rates vary from 0 to 100 percent.

The Customs Law provides for customs duty exemptions. Foreign investors most commonly exempt the temporary import of goods, and the foreign investment of fixed assets. Temporary import into Latvia may not exceed 24 months.

Imports are also subject to excise and value-added-taxes (VAT). VAT rates are either 0 or 18 percent. VAT taxpayers are entitled to deduct the tax which they pay on supplies (input VAT) from the tax which they charge their customers (output VAT), provided that the input supplies relate to the activity of the taxpayer. Persons whose sales, excluding exempted sales, exceed 10,000 Lats (approx. USD 18,000) within a 12 month period must, within the following 30 days, be registered with the State Revenue Service for VAT payers.

The following groups of supplies are subject to a zero percent VAT rate:

- The supply of goods outside Latvia
- Services which are related to the supply of goods outside Latvia
- Services and supply of goods not supplied within Latvia
- Supply of goods and services related to the maintenance and service of international transportation
- Tourism services in certain instances
- On the basis of reciprocity, services and goods related to diplomatic and consular officers enjoying immunity

- Certain services if the recipient is a non-resident

Excise taxes are applied to alcoholic beverages, tobacco products, gold/jewelry, and cars at various rates. Excise taxes for fuel and oil also apply, with the tax for petrol, oil, and diesel fuel ranging from USD 245 to USD 360 per 1000 litres. Oil gases are taxed at USD 56 per 1000 kilograms. Transitional rules of the law, which are applicable till the end of year 2000, increase the excise tax to USD 434 per 1000 liters on gasoline and USD 320 per 1000 litres on diesel.

There are several exemptions from the excise tax in regard to vehicles, such as smaller cars and certain trucks. Excise tax for alcohol and tobacco products is generally paid by purchasing excise tax stamps.

Latvian customs authorities require the following import documentation: a copy of the contract, an invoice, a bill of lading indicating the amount, weight and value of the goods, and the original certificate of origin (from EUR.1 or form A). At the border, an importer or his agent must complete a customs declaration and a customs freight delivery note. Document requirements for exports include: a declaration, transport documentation, a contract, a certificate of origin, and a license. Export licenses are issued by the Customs Authority.

There are over 60 customs warehouses in Latvia with storage terms that are unlimited in length. Products stationed there can be further processed in order to improve their appearance and prepare them for distribution or re-sale.

Export rates are not imposed on exports, except for art objects and antiquities (0-20%) and for non-ferrous metals.

Latvia became a member of the World Trade Organization on February 10, 1999, and has free trade agreements with 26 countries, including all European Union and European Free-trade Association (EFTA) countries, the Czech Republic, Slovakia, Poland, Slovenia, Lithuania and Estonia. The existing free-trade agreement with the Ukraine does not extend to food commodities. Latvia also has Most-Favored-Nation trade agreements with 21 other nations, including the United States, Canada, China, India, Australia, the CIS countries, and Hungary.

VII. Investment Climate

Openness to foreign investment

The Latvian government actively encourages foreign direct investment, and has taken significant steps to improve the country's business climate. One of Latvia's strategic national goals is to accelerate integration into Euro-Atlantic organizations, and more broadly, into the global economy. To this end, the government has been striving to bring Latvian economic institutions, laws and regulations into conformity with EU directives. In particular, Latvia made broad changes to its legislation prior to its accession to the world trade organization in February 1999.

Under the 1991 Foreign Investment Law, the laws of the republic of Latvia apply equally to domestic and foreign investors. Amendments to the investment law passed in 1996 removed virtually all restrictions on foreign investment. However, there are several exceptions: foreign investors are prohibited from controlling companies that harvest timber (the Law on the Management and the Use of Forest, 3/24/94), organize lotteries and gambling (the Law on Lotteries and Gambling, 6/16/94) and operate radio or television stations (the Law on Radio and Television, 8/24/95). In addition, the Law on Insurance restricts representative offices or branches of foreign insurance companies to reinsurance their operations. However, a foreign insurance company is eligible to set up a 100% foreign owned insurance company in Latvia. According to the 1995 Laws on Credit Institutions and on the Bank of Latvia, a foreign bank opening a representative office, bank branch, or merging with a local bank must receive approval from the Bank of Latvia. In January 1995 the United States and Latvia signed an agreement on mutual protection of investments, which went into effect on December 26, 1996.

Companies that are owned by foreigners can purchase land freely if the majority of investors represent countries with which Latvia has entered into international agreements on mutual protection of foreign investments. Land can also be purchased by companies in which Latvian citizens own a controlling share. In addition, foreign investors can lease land for up to 99 years.

The Law on Privatization of State and Municipal Property governs the privatization process in Latvia. The Latvian Privatization Agency (LPA), established in 1994 to carry out the privatization program, has adopted a case-by-case approach in determining the method of privatization for each enterprise under privatization. There are a number of methods that the LPA uses to privatize a state enterprise. The three major methods are public auction,

auction for selected bidders, and tender. For some of the largest companies, a certain percentage of shares can be sold publicly at the Riga Stock Exchange. In state stock companies, employees and pensioners can acquire up to 20% of the company shares using privatization certificates, and 5% are reserved for the pension fund. For some companies, management can acquire up to 25% of the shares using privatization certificates, but only if certain conditions are met (e.g. the company has no debts). The government can decide to maintain a certain number of shares in companies that are deemed important to the state's strategic interests.

Privatization of small and medium enterprises is almost complete, while several large companies still remain partly or wholly state-owned. The government intends to complete privatization of nearly all state-owned enterprises in 2000. The only exceptions will be the postal service, the state-owned railway company, the Riga international airport and approximately 40 small and medium-sized companies in the health care sector, social services, road maintenance, and companies providing support for the agricultural sector.

Foreign investors appear to have fair access to most enterprises that are eligible for privatization. Even though blocks of shares can be reserved for employees and management, there have been no reports of a serious foreign investor having been excluded from a privatization due to this practice.

In keeping with European Union and World Trade Organization requirements, there is no screening of foreign investment. On special occasions, when the government is prepared to offer considerable tax exemptions, grants or other concessions, strategic investors for greenfield projects are selected through international tenders. So far, there has been one such tender for the right to develop and operate a cellular phone network; in addition, preliminary negotiations with potential investors in a large pulp mill project are underway. The investor selection process for these projects appears to be non-discriminatory. Tender regulations for greenfield projects are prepared on a case-by-case basis.

The process of completing privatization of some of the biggest, and potentially most lucrative, state enterprises is politically sensitive. Relatively large, politically well-connected domestic business groups are lobbying for broader participation in the privatization of attractive state firms such as the energy monopoly - Latvenergo;

Latvia's largest oil terminal - Ventspils Nafta; the Latvian shipping company and several others. Political stalemate delayed privatization of these enterprises in 1998. However, the government has committed to complete privatization by the end of 2000.

Conversion and Transfer Policies

Latvia's foreign investment law provides for unrestricted repatriation of profits associated with an investment. Investors can freely convert local currency into foreign exchange at market rates, and have no difficulty obtaining foreign exchange from Latvian commercial banks for investment remittances.

Expropriation and Compensation

There have been no cases of arbitrary expropriation of private property by the government of Latvia. Expropriation of foreign investment is possible in a very limited number of cases specified in the Law on Expropriation of Real Property. Compensation must be paid in full within three months of the date of expropriation. If the owner of the property claimed by the government deems the compensation inadequate, the owner has the right to appeal to a Latvian court.

Since independence, the Latvian government has been denationalizing private property seized by the Soviet authorities during the occupation. In cases when the government cannot return property to former owners or their rightful heirs, compensation certificates or monetary compensation are issued in lieu of ownership rights. However, the property restitution process is sometimes slow due to red tape and shortage of funds. There are even a small number of restitution cases involving American citizens that are still pending final resolution.

Dispute Settlement

Currently, the embassy is aware of several commercial disputes involving U.S. companies in Latvia. The disputes range from the telecom sector to the energy sector, from equipment supply to advertising, and mainly concern different interpretations of a contract.

The 1993 Law on Judicial Power introduced a three-tier court system. Currently, judicial power is exercised by town, city and rural districts, regional courts, and the Supreme Court. In addition, the constitutional court reviews the compatibility of decrees and acts of President

of Latvia, the government and local authorities with the constitution and the law. Unless otherwise stipulated by law, district courts are the courts of first instance in all civil, criminal and administrative cases. Regional courts are vested with the authority of appellate review for district court verdicts. In addition, regional courts are courts of first instance for cases specified in the civil code. Such cases include claims exceeding Ls 15,000 (approximately USD 25,000), adoption cases, cases related to immovable property and serious criminal offenses. The Supreme Court consists of the Senate and Houses of Court. The law provides for civil, criminal and economic houses of court. However, the economic court has not yet been established.

Judges are appointed by the Minister of Justice and their appointments are confirmed by the Parliament after two years' professional practice. From then on, they have absolute security of office, which can only be called into question if they have committed a crime. The judges at the Supreme Court are appointed by the president of that body.

City and regional courts are administered by the Ministry of Justice and therefore may be subject to indirect pressure from the government. The Supreme Court and Constitutional Court are independent. However, improvements in the judicial system are needed to accelerate the adjudication of cases and to strengthen the enforcement of court decisions.

There are three arbitration institutions in Latvia: Riga international arbitration; arbitration under the auspices of the privatization agency; and arbitration conducted by the Latvian Chamber of Commerce. Today the parties opt to refer their disputes in most commercial agreements to arbitration rather than to the Latvian courts.

The Civil Procedure Law, which came into force on March 1, 1999, contains a section on arbitration courts. This section was drafted on the basis of the Uncitral Model Law, thus providing full compliance with international standards. The law also governs the enforcement of rulings of foreign non-arbitral courts and foreign arbitration.

Latvia has joined the 1958 New York Convention on the recognition and enforcement of foreign arbitral awards, and thus judgments of foreign arbitral courts that are made in accordance with the convention can be enforced in Latvia. In addition, the Civil Procedure Law stipulates that the judgements of foreign non-arbitral courts can be enforced in Latvia.

A draft Commercial Code is currently being reviewed by the parliament (Saeima.) The law is expected to correct contradictions in current business legislation and to modernize terminology. The parliament has adopted the new Collateral Law and thus has significantly strengthened the process and security of registering pledges on moveable assets. A modern bankruptcy law was adopted in 1996. The Law on Credit Institutions was passed in October 1995 and this law also regulates bank bankruptcy and liquidation. Business activities are regulated by the Law on Entrepreneurial Activities and Business Operations, which serves as the legal framework for establishing, registering, operating and closing a business in Latvia.

There are two laws governing bankruptcy procedure: the 1996 Law on Insolvency of Enterprises and Companies, and the Law on Credit Institutions, which regulates bankruptcy procedures for banks and other financial sector companies. The Law on Insolvency provides reorganization proceedings whereby a majority of creditors can reach a binding settlement with the debtor. Secured claims enjoy privilege rights and are satisfied separately before the liquidation of the debtor's assets. The next priority group includes the administrative expenses of the liquidation process, employee salaries and social tax payments, payments to farmers, social tax debt, credits guaranteed by the state and other payments to the state budget. After the claims of the first group are satisfied in full, debts to other creditors are settled, and when the principals of all the above-mentioned debts are repaid, creditors are entitled to interest payments. Creditors that submit claims after a certain deadline have the lowest priority in the debt settlement process. The Law on Credit Institutions and the Law on Deposit Insurance regulate bank's bankruptcy procedures and establish a similar order of priority for claims. The law requires monetary judgments of the local courts to be made in local currency. Judgments of local arbitral courts can be made in either the investor's or local currency.

Performance Requirements/Incentives

Foreign investors are entitled to exemptions from VAT and customs duties on fixed assets that are imported as long-term investments, and there is also an exemption from VAT and import duties if goods are imported for processing on a temporary basis. Companies with foreign capital that was registered in Latvia before April 1, 1995, are exempt from corporate income tax payments for 4-8 years after the company first made taxable profits. There appear to be no other incentives that apply exclusively to foreign

investors. However, the Latvian government has prepared a series of incentive schemes for investment, both foreign and domestic, in several free ports, special economic zones, and in special support regions.

Except in certain specific cases described below, there are no performance requirements for a foreign investor to establish, maintain or expand an investment in Latvia.

In the privatization process, certain performance requirements for investors, both foreign and domestic, are determined on case-by-case basis. Typically, those include requirements to maintain a certain employment level and to invest a certain amount of money into the company. The privatization requirements are subject to negotiation.

The privatization control department at the Latvian Privatization Agency reviews the progress of each privatized company over three years following the privatization. If an investor does not meet the requirements specified in the privatization regulations, the LPA breaks the agreement with the investor. So far, this has happened in about 30 cases, most of them relatively small. As the requirements are easily measurable, the LPA decisions in such situations are reasonably transparent and fair.

In addition, there are several requirements for companies applying for a license to operate under a free port or a special economic zone regime. Since separate laws were adopted to regulate business activities in each of the free trade zones, the requirements also vary from one to the other. Only the Liepaja special economic zone has a requirement for the share of exports in the total output. In order to qualify for tax relief in the Liepaja special economic zone, more than 80% of the goods manufactured there must be exported.

Under Latvian law, it is quite easy for foreign citizens to enter Latvia for temporary business activities (up to three months in a six-month period). Businessmen who wish to reside and work in Latvia for longer periods need to obtain a residence and work permit. Both embassy contacts in the American business community and a FIAS (Foreign Investment Advisory Service) study on administrative barriers to investment have noted that obtaining the permits is a complex and lengthy process. However, the Latvian government - acting on the recommendations of the FIAS study - is making an effort to simplify the issuance of both work and residence permits.

Right to Private Ownership and Establishment

Under the Latvian law, foreigners may conduct business activity under one of the following three forms of business representation:

- limited liability company ("Sabiedriba ar Ierobezotu Atbildibu" or SIA);
- joint stock company ("Akciju Sabiedriba" or AS); and
- representative (branch) office of a foreign company.

Limited liability and joint stock companies are established upon registration with the Latvian Enterprise Register and have the rights of a legal person. Other full liability forms of business representation are closed to foreigners, including sole proprietorships (individualie uzņēmumi), partnerships (ligumu sabiedrības), enterprises of social and religious organizations (sabiedrisko/religisko organizāciju uzņēmumi), companies with supplemental liability (sabiedrības ar papildinātu atbildību), non-profit companies and cooperative societies. However, foreign companies registered in Latvia can freely participate in other forms of business representation.

Private enterprises have competitive equality with public enterprises with respect to access to markets and business operations.

Protection of Property Rights

Legal rights to property have been restored in Latvia. The World Bank has assisted the government of Latvia to institute a land title registration system, although the progress has been hindered by a slow cadaster process. A new mortgage law strengthening the recognition and enforcement of secured interests in property was put into effect in 1998.

The government of Latvia is committed to attaining a level of protection for intellectual property rights (IPR) comparable to that provided under international conventions. Pursuant to that commitment, the Latvian parliament passed legislation in 1993 to protect copyrights, trademarks and patents. Foreign owners may seek redress for violation of their intellectual property rights through the appellation council at the Latvian Patent Office. Even court action can be sought in such cases.

In the effort to harmonize the legislation with the EU and WTO requirements, Latvia has established an adequate legal framework for the protection of intellectual property. However, the enforcement of the IPR laws remains weak, largely due to insufficient resources of enforcement agencies. At the same time, Latvian authorities are taking more proactive steps to confiscate pirated films, video and software.

In July 1994, President Clinton signed a trade and intellectual property rights agreement with Latvia. Latvia has been a member of the World Intellectual Property Organization (WIPO) since January 1993, a member of the Paris Convention since September 1993, a member of the Bern Convention since August 1995, and Geneva Convention for the protection of producers of phonograms against unauthorized duplication since August 1997. In addition, the Latvian government has amended all relevant laws and regulations in order to comply with the requirements of the WTO trade agreement (Agreement on Trade-Related Aspects of Intellectual Property Rights), to which Latvia acceded by joining the WTO.

Latvia has also acceded to the following international treaties and agreements:

- Patent Cooperation Treaty (September 1993);
- Budapest Treaty on the international recognition of the deposit of micro-organisms for the purposes of patent procedure (December 1994);
- Madrid Agreement on international registration of trade marks (January 1995);
- Nice Agreement on international classification of goods and services for the purpose of trade mark registration (January 1995);
- Rome Convention for the protection of the rights of performers, producers of phonograms and broadcasting organizations (with a note to not apply the article 12 of the convention concerning phonograms of producers that are not nationals of contracting states).

Transparency of the Regulatory System

The Latvian government has repeatedly amended its laws and regulatory procedures in an effort to spur Latvia's integration into the European Union, the WTO and the global economy. However, the frequent changes have resulted in regulatory confusion and conflicting interpretations of laws that undermine the transparency of the regulatory system. In particular, conflicting interpretations in the area of taxation, and the weak capacity of the judicial branch to provide transparent and

timely tax dispute resolution, are hindrances to investment.

Efficient Capital Markets and Portfolio Investment

Government policies do not interfere in the free flow of financial resources or the allocation of credit. Local bank loans are available to foreign investors. However, average interest rates for both local currency and USD loans are still higher than the U.S. bank rates, thus making local borrowing less attractive. At the end of the first quarter of 1999, the average weighted interest rate for long-term LVL loans stood at 15.2% and the average interest rate for loans in OECD currencies at 12.5%.

The Latvian banking system successfully recovered from the 1995 banking crisis that wiped out a substantial portion of Latvia's GDP. However, the system was shaken again in the fall of 1998, when the Russian government defaulted on its debt payments. A number of Latvia's largest banks held considerable amounts of Russian bonds and consequently suffered substantial losses. In addition, Latvian banks lost Russian customers who, in some cases, had made up a significant part of their customer base. By July 1999, the banking system had somewhat recovered, and banking experts forecast that most surviving banks will end the year with a modest profit. Although the Russian crisis failed to induce the expected wave of mergers and acquisitions in the Latvian banking sector, most analysts expect that in the next few years the consolidation and restructuring process will reduce the number of banks from current 24 to about 10-15.

The Central Bank acts as a supervisory institution for the banking system. The banking supervision system, created with the assistance of the U.S. Agency for International Development, is often called one of the most successful in Central and Eastern Europe. The regulatory framework for commercial banking incorporates all principal requirements of European Union directives. Existing banking legislation includes provisions on accounting and financial statements (strict adherence to the international accounting standard is required), minimal initial capital requirements, capital adequacy requirements, large exposures, restrictions on insider lending, open foreign exchange positions and loan-loss provisions. An anti-money laundering law and deposit insurance law were adopted this year, and an independent anti-money laundering unit is now operating in close cooperation with the general prosecutor's office. Some of the banking regulations, such as capital adequacy and loan-loss provisions, are even tighter than EU

requirements. The Central Bank strictly enforces all banking regulations.

Markets for debt instruments are dominated by trade in treasury bills with increasingly longer maturities, the longest currently two years. Foreign banks are allowed to participate in the primary market for treasury bills -- weekly auctions organized by the Ministry of Finance, and the Bank of Latvia provide repurchase and reverse repurchase facilities.

Securities markets are regulated by the 1996 law on securities, the law on the securities market commission, the law on joint stock companies and several other laws and regulations. Even though Latvia has made considerable progress in developing securities markets and the respective legal framework, legislation is still developing. In 1996, the Ministry of Finance transferred security market supervisory functions to an independent institution -- The Securities Market Commission. Protection of investor interests is ensured by strict control over participants in the securities market. Transparency of the market is achieved by issuing Riga Stock Exchange (RSE) bulletins after each trading session and by offering securities market information on the internet.

The Riga Stock Exchange started operating in 1995. France assisted Latvia in setting up the securities market based on a continental European model. In 1997, the RSE was admitted to the international federation of stock exchanges as a corresponding emerging market. The RSE was the first exchange in Eastern Europe to create an index in cooperation with Dow Jones. On the first day of trading in 1995, only four stocks were listed on the RSE; by the end of 1998, 68 securities were listed. At the last trading session of 1998, market capitalization stood at LVL 391.4 million (USD 687.9 million).

During 1998 and the first half of 1999, however, activity in the Riga bourse has fallen considerably, with daily trading volumes occasionally dipping below LVL 10,000. The Dow Jones RSE index has dropped from about 350 in the beginning of 1998 to 81 at the end of august 1999. The RSE was mainly affected by the overall economic slowdown in the region and the stalemate in privatizing Latvia's largest state enterprises. Moreover, many investors have indicated that an additional disincentive to buy shares of Latvian companies on the Riga Stock Exchange is the lack of adequate legal protection for minority shareholders. Currently, the Latvian government is reviewing several

amendments designed to bring the protection of minority shareholders rights in line with the international standards.

Political Violence

There have been no reports on political violence or politically motivated damage to foreign investors' projects or installations since Latvia re-achieved independence in 1991. The likelihood of widespread civil disturbances is extremely low.

Corruption

Foreign business representatives and non-governmental organizations such as Transparency International, have identified corruption as a persistent problem in Latvia. It is often alleged that bribe-taking - ranging from low-level bureaucrats in a position to delay or speed up bureaucratic procedures, to high-level officials involved in awarding government contracts - is not uncommon. For U.S. companies, the lack of transparency in government procurement has created difficulties. Other key problem areas include customs, dispute settlement (including tax collection) and conflicting interpretations of the regulatory system, which can foster corruption.

The Latvian government has responded by making a serious commitment to fight corruption. The legislature has enacted the corruption prevention law and amendments to the criminal code, which introduce an equivalent of the U.S. false statement statute, and the law on money laundering was adopted in 1998. Nevertheless, enforcement of these and other anti-corruption statutes remains weak, mainly because of deficiencies in the management of law enforcement structures.

International organizations and foreign governments are providing considerable assistance to Latvia in an effort to eradicate corrupt practices. The World Bank's initiatives focus on promoting ethics in public administration, while the EU is concentrating on improving public administration and customs. The U.S. government is providing direct assistance to help Latvia modernize its Criminal Procedures Code and strengthen the enforcement of anti-corruption laws, including an effective anti-money laundering system.

Latvia has signed the criminal convention on corruption of the Council of Europe and has expressed interest in joining the OECD Convention on combating bribery. According to the Latvian law, accepting a bribe is a

crime, while offering one is not. It is not a criminal act to bribe a foreign official, but the bribe cannot be deducted from taxes. The penalty for government officials accepting a bribe is heavy, but senior officials are rarely brought to justice for this crime.

The primary institution responsible for combating crime is formally the Ministry of Justice. In fact, the judicial branch's Prosecutor General's office plays the main role.

Bilateral Investment Protection Agreements

As of July 15, 1999, Latvia has concluded bilateral investment agreements with Austria, Belarus, Canada, the Czech Republic, Denmark, Egypt, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Israel, Korea, Lithuania, The Netherlands, Norway, Poland, Portugal, The Slovak Republic, Spain, Sweden, Switzerland, Taiwan, Ukraine, The United Kingdom, The United States, Uzbekistan and Vietnam. The agreement with the U.S. came into force in December 1996. Agreements with Belgium, Luxembourg, Italy, Singapore and Turkey have been signed but have not yet taken effect.

Latvia ratified the treaty on avoidance of double taxation with the U.S. in the spring of 1998, and it is currently awaiting ratification by the U.S. Senate.

OPIC and Other Investment Insurance Programs

Overseas Private Investment Corporation (OPIC) political risk insurance coverage is available for U.S. investments in Latvia.

Starting in February 1993, the Bank of Latvia's policy was to stabilize the Lat at a value of 79.97 Santims (one Santim equals 1/100 of a Lat) to one SDR. Since then, the Lat exchange rate has remained constant against SDR, and there is little likelihood of devaluation in the foreseeable future. Over the past three years, the value of the Dollar against the Lat has remained at about \$1.7 per Lat. The embassy purchases local currency at the market rate. The Bank of Latvia has sufficient foreign reserves to guarantee full convertibility of the Lat.

Labor

The official rate of registered unemployment in October was 9.5%, but according to estimates by unofficial sources, the real rate may exceed 15 percent. Unemployment is significantly higher in rural areas,

especially in the southeastern Latgale region. Both skilled and unskilled labor is available. A high percentage of the workforce has completed at least secondary or vocational education. Foreign managers agree that Latvians are generally hard working, reliable and quick to learn. However, there is still a shortage of mid- and senior-level managers with western-style management skills. Companies have reported difficulties in finding knowledgeable lawyers and auditors. Even though service sector employees now seem to have better skills than several years ago, it can still be hard for service-oriented companies to find experienced staff, and often at least some training will be necessary.

Companies must keep wages above a legally specified minimum, which currently is Ls 50 (approximately \$83) per month. Union influence on the wage setting process is modest. In June, 1999 the average gross monthly wage in the public sector amounted to \$281 and the minimum wage represented 30% of the average gross wage. There is no official information on wages in the private sector, but, in general, they are considerably higher. Employers are required to pay a social security tax that is currently the equivalent of 28% of their employees' salaries. An additional 9% is paid by the employees. By the year 2002, the total social security tax rate is expected to drop to 33%, and the tax will be payable in equal parts by the employer and the employee.

Employment issues are covered by the Latvian Labor Code. An employer is prohibited from entering into an employment contract with an individual who does not possess a work permit. Under the labor code, there are three types of employment contracts: fixed term contracts, indefinite term contracts, and contracts covering the length of time required to complete the contracted work. The first three months of employment are considered probationary, and during this time employees may freely resign or be dismissed without notice (many foreign managers use this to weed out anyone who does not fit the job). If neither the employer nor employee terminates a fixed term contract at its conclusion and the employee continues in employment, the contract is deemed to be extended for an indefinite term.

An employment contract can be terminated without notice by mutual consent. Irrespective of the terms of a contract, an employee can terminate the contract before it expires by giving one month's written notice. Employers can dismiss employees with at least one month's notice for reasons such as liquidation of a company, staff cutbacks, refusal to move to a new location or reinstatement of an

employee who had been on maternity leave or other temporary absence. In certain circumstances, when an employment contract has been terminated early, the employer is obliged to pay compensation equal to one month's average salary. In a few cases, termination of an employment contract requires prior consent of a trade union. According to the Labor Code, standard working hours are 40 hours per week. Normally, there are five working days per week, but employers may also demand six working days per week. Employees are entitled to annual paid vacations of four calendar weeks per year.

The Latvian government is committed to adhere to the ILO Convention protecting worker rights.

Foreign Free Trade Zones/Free Ports

There are four free trade areas in Latvia: free ports are established in the Riga and Ventspils ports, and special economic zones (SEZ) are created in Liepaja, a port city in western Latvia, and Rezekne, the center of an eastern Latvian region which borders on Russia. The IMF objects to free trade zones on the grounds that they distort competition and create tax collection problems. Therefore, Latvia's stand-by agreement with the IMF sets forth a commitment not to create any new free trade zones in Latvia.

Each of the four zones applies slightly different rules. In general, the two free ports provide for exemptions from indirect taxes, including exemptions from customs duties, VAT and excise tax. The SEZ offer additional incentives, such as 80-100 percent reduction of corporate income taxes and real estate taxes. In order to qualify for the tax reliefs and other benefits, companies must obtain permits and sign agreements with the appropriate authorities. These authorities are the state joint stock company "Rigas Tirdzniecibas Osta" (Riga Commercial Port) for the free port of Riga; the Ventspils Port Authority, for the Ventspils free port; or the Liepaja SEZ administration or Rezekne SEZ administration.

Foreign Direct Investment Statistics

Source: Latvian Central Statistics Department
The data reflects investment in equity capital registered with the Latvian enterprise register.

Foreign Investment Stock by Country of Origin, End-of-Year Data

(Millions of Dollars)

Country	1996	1997	1998	1998
				percent of total
Denmark	178.8	168.3	176.1	15.5%
US	73.8	97.8	121.6	10.7%
Russia	91.3	87.5	99.0	8.7%
Germany	32.0	76.5	95.1	8.4%
UK	49.6	48.7	85.7	7.5%
Sweden	33.2	40.4	78.1	6.9%
Ireland	21.6	40.5	61.1	5.4%
Finland	18.7	26.3	49.6	4.4%
Norway	2.7	1.9	43.7	3.8%
Estonia	9.6	34.4	38.1	3.4%
Singapore	0.5	75.9	33.0	2.9%
The I of M	1.7	0.9	30.2	2.7%
Netherl.	10.1	18.6	29.1	2.6%
Switzerland	26.9	29.0	25.9	2.3%
Liberia	17.4	21.0	22.3	2.0%
Subtotal	568.0	767.8	988.7	87.1%
Others	115.6	147.0	146.9	12.9%
Total	679.2	901.4	1135.6	100.0%

Foreign Investment Flow by Country of Origin
(Millions of Dollars)

Country	1996	1997	1998	1998
				percent of total
Norway	2.6	-0.8	41.7	17.8%
Sweden	19.1	7.2	37.7	16.1%
UK	24.5	-0.9	37.0	15.8%
Isle o Man	1.7	-0.8	29.2	12.5%
US	12.7	24.0	23.8	10.2%
Finland	4.2	7.7	23.3	10.0%
Ireland	1.4	18.9	20.6	8.8%
Germany	1.5	44.5	18.6	7.9%
Russia	-4.2	-3.8	11.5	4.9%
Netherlands	-9.7	8.5	10.5	4.5%
Denmark	45.9	-10.5	7.8	3.3%
Estonia	8.2	24.7	3.7	1.6%
Liberia	17.4	3.6	1.3	0.6%
Switzerland	26.9	2.1	-3.0	-1.3%
Singapore	0.5	75.3	-42.9	-18.3%
--Subtotal	152.7	199.7	220.9	94.3%
Others	16.0	22.5	13.3	5.7%

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 Total 168.7 222.2 234.2 100.0%

Foreign Investment Stock by Sector of Economy
 (Millions of Dollars)

Sector	1996	1997	1998	1998
Transport, storage, communications	306.5	309.5	346.8	30.5%
Fin intermediation	114.5	179.3	264.9	23.3%
Manufacturing	116.2	235.3	199.1	17.5%
Wholesale, retail trade, maintenance and repairs	62.5	74.0	185.2	16.3%
Real estate, leasing, and other commercial activities	16.3	18.4	50.4	4.4%
Electricity, gas and water	0.0	15.3	20.8	1.8%
Hotels, restaurants	13.9	13.2	14.7	1.3%
Agriculture, hunting, forestry, fishing	1.0	1.1	8.9	0.8%
Health, social work	7.7	7.6	7.0	0.6%
Construction	4.9	5.1	3.6	0.3%
Mining and quarrying	2.1	1.2	2.8	0.2%
Other social and individual services	2.5	1.6	2.5	0.2%
Education	1.0	0.9	0.9	0.1%
Other investment	30.3	38.9	28.2	2.5%
Total	679.2	901.4	1,135.6	100.0%

Foreign Investment Flow by Sector of Economy
 (millions of dollars)

Sector	1996	1997	1998	1998
Wholesale and retail trade, maintenance and repairs	39.5	11.5	111.1	47.4%
Fin intermediation	1.1	64.9	85.6	36.5%
Transport, storage, communications	89.3	3.0	37.3	15.9%
Real estate, leasing, other commercial activities	13.3	2.1	32.0	13.7%
Agriculture, hunting,				

forestry, fishing	0.4	0.2	7.7	3.3%
Electricity, gas and water	0.0	15.3	5.5	2.4%
Mining and quarrying	0.7%	1.7	-1.0	1.6
Hotels, restaurants	2.1	-0.7	1.5	0.6%
Other social and individual services	0.4%	0.5	-0.9	0.9
Education	0.8	-0.1	0.0	0.0%
Health, social work	-4.6	-0.1	-0.6	-0.2%
Construction	-0.1	0.2	-1.5	-0.6%
Manufacturing	23.6	119.1	-36.	-15.5%
Other investment	0.9	8.7	-10.8	-4.6%

Total	168.7	222.2	234.2	100.0%

Foreign Investment, Percent of GDP

	stock	inflow

1996	13.3%	3.3%
1997	16.2%	4.0%
1998	17.1%	3.5%

Largest Foreign Investments in Latvia

Source: Latvian Development Agency

Investor	Country	Latvian Company	Industry	(USD mill)
Sonera	Finland	Lattelekom	telecom	305
Transnefteprodukt	Russia	Latrostrans	transit in oil products	61.8
New century Holdings	USA	shareowner of various companies		60
Metromedia/Western wireless	USA	Baltkom GSM	telecom	50
Polarbek	USA	Radisson SAS Daugava	hotel	42
Den Norske	Norway	Latvija	trade in oil	40

Stats Oljeselskap		Statoil	products	
SEB (Skandinaviska	Sweden	Unibanka	finance	>30
(Enskilda Banken)				
Bank of New York	USA	Unibanka	finance	>20
Varner Gruppen	Norway	Varner Baltija	retail, estate	30
Shell Overseas Holdings ltd.	UK	Shell Latvia	trade in oil products	27
Tolaram Group	Singapore	Tolaram Fibers	textile industry	30
Vereinsbank und Westbank	Germany	Vereinsbank Riga	finance	24
Neste OY	Finland	Neste Oil Terminal Riga Neste Oil Latvia	trade in oil products	20
Hebeda TRA AB & Thomesto Sverige AB	Sweden	Vika Wood Ltd.	wood processing	20
Gazprom	Russia	Latvijas Gaze	energy	>15
Preussen Electra & Ruhrgas	Germany	Latvijas Gaze	energy	>25
Coca Cola Getranke Holding GmbH	Austria	Coca Cola Dzerieni	distribution	16
Hydro Texaco	Denmark	Hydro Latvija	trade in oil products	16
Orchard Finance ltd.	Ireland	Rietumu Banka	finance	15.7
GEBR Knauf Verwaltung	Germany	Sauriesu Buvmaterialu	production of building	15.5

GmbH		Kombinats/ Knauf Marketing	materials	
Corpora Tres Montes	Chile	Proexpo	food processing	15
Ernesto Italy Preatoni		PK Latvia	real estate	>15

Other significant U.S. investors in Latvia include Intersource Inc., Jeld-Wen, Lathaag, McDonalds, Colgate Palmolive, and Procter and Gamble. The American Chamber of Commerce in Latvia currently has more than a hundred members.

VIII. Trade and Project Financing

Description of the Banking System

The first two commercial banks in Latvia were founded under the Soviet rule in 1988. Today there are 27 commercial banks in Latvia, 25 Latvian and 2 foreign subsidiaries or representative offices. Most of the Latvian banks are universal commercial banks and offer a variety of banking products and services. However, due to some insolvency cases in the past, the Bank of Latvia has strengthened its supervisory role and thus only 16 of the 27 banks have a full banking license including deposit taking.

The majority of Latvian banks have already joined the international accounting system SWIFT which provides standardization, effectiveness and security. The Bank of Latvia regulations that provide the regulatory framework and supervision are based on the international monitoring requirements set by the Basle Committee, EU Directives and the International Accounting Standards.

As of June 30, 1999, the assets of Latvia's five largest commercial banks (Parekss Banka, Latvijas Unibanka, Hansabanka, Rietumu Banka, and Latvijas Krajbanka) totaled LVL 1.12 billion (USD 1.87 billion), or 61% of the combined bank assets.

Most of the financial difficulties experienced by Latvian banks in 1998 were directly or indirectly triggered by the Russian financial crisis. The banks' investments in Russian government short-term securities (GKO) failed, there was a considerable loss of Russian customers, and Latvian banks had to set aside reserves for loans issued to Latvian producers focusing on the Russian market.

According to financial experts, the Russian financial collapse had even positive effects on the Latvian banking sector. The increasing competition on the domestic market has provided a powerful incentive for the banking sector to consolidate; and the uncertain future has forced Latvian banks to look for experienced western business partners, particularly Nordic banks.

Foreign banks have the right to open subsidiaries and branch offices in Latvia and the licenses are granted using the same procedure as with domestic banks. Currently there are three foreign banks operating in Latvia, two German banks and one Estonian bank.

Foreign Exchange Controls Affecting Trading

Latvian government maintains no controls over the import, export, use or exchange of foreign currencies in Latvia.

General Financing Availability

Medium-term Eximbank financing is available in Latvia for credits that are backed by the full faith and credit of the Latvian government, or guaranteed by a proven, reputable financial entity. EBRD financing is also available for both private and public sector projects.

None of the Latvian banks has subsidiaries, branches or representative offices in the U.S. but all major banks have correspondent arrangements with U.S. banks.

Main Banks in Latvia

Bank of Latvia
Valdemara 2-a, Riga, LV 1050
Latvia
tel: (371) 732-3863; fax: (371) 702-2420
<http://www.bank.lv>

Latvian Savings Bank (Latvijas Krajbanka)
Olafs Zveinieks, Public Relations
Palasta street 1, Riga LV-1954
Latvia
tel: (371) 709 2043, fax: (371) 721-2083
<http://www.krajbanka.lv>

Latvijas Unibanka
Harolds Burkovskis, Public Relations
L. Pils street 23, Riga LV-1050
Latvia
tel: (371) 7215-601 (371) fax: (371) 7215-335
<http://www.unibanka.lv>

MeritaNordBanken Latvia
Aigars Laizans, Public Relations
Kalku 15, Riga, LV 1050
Latvia
tel: (371) 709-6244; fax: (371) 722-4124

Parex Bank (Parekss Banka)
Karlis Vahsteins, Public Relations
Smilsu street 3, Riga LV-1050
Latvia
tel: (371) 701-0728, fax: (371) 701 0768
<http://www.parex.lv>

Rietumu Bank
Michael Bourke, President
54 Brivibas St, Riga LV-1010
Latvia
tel.: (371) 702-5222, fax: (371) 702-5223
<http://www.rietumu.lv>

First Latvian Commercial Bank (Pirmabanka)
Carl Hakan Kallaker, President
Smilsu St 6, Riga LV-1803
Latvia
tel: 371 701 5237; fax: 371 782 0080
<http://www.pirmabanka.lv>

Baltic International Bank (Baltijas Starptautiska banka)
Alla Tkacenko, President
Kaleju St. 43, Riga LV-1050
Latvia
Tel: 371 722 2789; fax: 371 721 6870
<http://www.bib.lv>

Baltic Transit Bank (Baltijas Tranzitu banka)
Zenon Olbrys, President
13 Janvara St. Riga LV-1050
Latvia Tel: 371 702 4701; fax: 371 721 1985
<http://www.btb.lv>

Multibanka
Svetlana Dzene, President
Elizabetes St. 57, Riga LV-1772
Latvia
Tel: 371 728 9546; fax: 371 782 8232
<http://www.multibanka.com>

Bank Paritate
Viktors Siperkovskis, Acting President
Terbatas St. 4, Riga LV-1134

Latvia
 Tel: 371 728 8433; fax: 371 704 1300
<http://www.paritate.lv>

Bank Saules
 Natalja Klendere, President
 Smilsu St. 16, Riga LV-1873
 Latvia
 Tel: 371 722 4541; fax: 371 702 0500
<http://www.saules.com>

Trasta Komerbanka
 Baiba Veida, Customer Service
 Miesnieku St. 9, Riga LV-1050
 Latvia
 Tel: 371 702 7777; fax: 371 702 7729
<http://www.tkb.lv>

VEF Bank
 Edvins Korneliuss, President
 Brivibas gatve 197, Riga LV-1039
 Latvia
 Tel: 371 755 3687; 371 755 6774
<http://www.vefbank.com>

Hansabank Latvia
 Eliza Abele, Public Relations
 Kalku 26, Riga, LV 1050
 Latvia
 tel: (371) 702-4575; fax: (371) 702- 4571
<http://www.hbl.lv>

Societe Generale
 Lija Makare, Marketing Division
 Brivibas 55, Riga, LV 1050
 tel: (371) 731-0051; fax: (371) 731-0060

Vereinsbank
 Eizens Cepurnieks, Vice President
 Elizabetes 63, Riga, LV 1050
 tel: (371) 708-5500, fax: (371) 708-5507

IX. Business Travel

Travel Advisory and Visas

U.S. traveler to Latvia needs a passport that is valid at least for six months. No visa is required for travelers, business or pleasure, who remain in the country for up to 90 days in a 12 month period. Travelers who plan to

remain in Latvia longer than three months are requested to apply for a temporary residence.

Street crime has increased in Latvia, and travelers should watch out for pickpockets in public locations, such as market places, trains and buses. On the whole travelers should take similar precautions they would when traveling in an unfamiliar U.S. urban center.

Serious medical problems requiring hospitalization can prove very expensive. Travelers should check what their insurance covers and in which countries prior traveling. It is a common practice for Latvian hospitals and doctors to expect immediate cash payment for medical services rendered.

Public Holidays

New Year's Day	Jan 1
Good Friday	April 21
Easter Monday	April 24
Constitution Day	May 1
Midsummer	June 23-24
Proclamation Day	Nov 18
Christmas	Dec 25-26
New Year's Eve	Dec 31

Business Infrastructure

- Transportation: the public transportation in Latvia is reliable, and the condition of the urban roads is good. The speed limit is 31 miles per hour in towns, and 56 miles per hour on highways and open roads, unless stated otherwise. The legal alcohol limit for drivers is zero. American drivers need a valid International Driver's License issued by the American Automobile Association. Latvia has good flight connections to and from Western Europe, and with connecting flights even to and from the United States.
- Language: the official language is Latvian and most Latvians also speak Russian. English is the most popular of the West European languages, and is widely used on both the private and the public sector.
- Communications: telephone connections with the U.S. are generally reliable, especially in the urban areas. The validity of international calling cards is limited in Latvia. Many of the bigger hotels have business centers with a wide range of services, including Internet access.

- Food: there is a very good selection of excellent restaurants in Riga, with first class European style cuisine and service, and several fast-food options for the busy eaters. The supply of imported food in the supermarkets is also ample and diverse. The drinking water is free of viruses but may contain heavy metals from old pipes. Imported spring water is available in every corner store.

APPENDICES

A. COUNTRY DATA

1. Country Profile

Population: 2,4 million

Population growth rate in 1998: -0.8 percent

Religions: Evangelical Lutheran (19 percent of population) and Roman Catholic (19 percent of population), Orthodox (5.8 percent of population), Oldbelievers (3.1 percent of population); also Baptist, Pentecostal, Adventist, Methodist, Judaism.

Government system: Parliamentary Democracy. Latvia re-adopted its 1922 Constitution (Satversme) on December 10, 1991. According to the Latvian constitution the Saeima (Parliament) approves all Latvian laws and is responsible for making strategic decisions on political and economic development of the Latvian state.

Languages: Latvian is the official language and most Latvian residents also speak Russian. English and German are the most popular West European languages.

Work week: 40 hours.

Key Economic Indicators

Economic Indicator	1996	1997	1998	1999
GDP (current prices USD million)	5,120	5,633	6,376	4,819 I-IX
Real GDP Growth (pct.)	3.3	8.6	3.6	1.0E
GDP per capita in USD	2,048	2,347	2,656	NA

Inflation (pct)	13.1	7.0	2.8	2.9 I-IX
Unemployment (pct) Registered I-IX	7.2	7.0	9.2	9.5
Foreign Exchange Reserves (USD million)	738	946	723	1,502 I-IV
Average Exchange Rate (Lat/USD)	0.55	0.58	0.59	0.58
Foreign Debt (USD million)	408	370	392	546

Trade

Foreign Trade (1) (US\$ million)	1996	1997	1998
Total Latvian Exports	1,488	1,839	2,012
Total Latvian Imports	2,286	2,689	3,138
U.S. Exports to Latvia	49	64	65
U.S. Imports from Latvia	9	22	52
U.S. share of Latvian Imports (percent)	2.1	2.4	2.1
Foreign Trade Balance	-876	-1,049	-1,377
Trade Balance with U.S.	-39	-42	-13

Sources: Latvian Bureau of Statistics, Bank of Latvia

B: U.S. and Country Contacts

Latvian Government Contacts

Latvian Embassy
Peteris Vinkelis,
Commercial Attache,
4325 17th Street NW,
Washington DC 20011,
USA

tel: (202) 726-8213 or (202) 726-6757, fax: (202) 726-6785

Latvian Development Agency
Andris Liepins, Head, Investment Department
Perses Street 2, Riga LV-1442
Latvia
tel: (371) 728 0907, fax: (371) 728 2524; 782-0458,
e-mail: invest@lda.gov.lv; <http://www.lda.gov.lv>

Latvian Privatization Agency
Edgars Zellis, Head, Foreign Relations Department
Kr. Valdemara Street 31, Riga LV-1010,
Latvia
tel: (371) 702-1355; fax: (371) 783 0363,
<http://lpa.bkc.lv>

Latvian Customs Department
Aivars Krastins, Director
Kr. Valdemara Street 1a, Riga LV-1841
Latvia
tel: (371) 732 3858; fax: (371) 732 2440

Latvian National Certification Center
Helena Jurevica, Director
Klijanu Street 7, Riga, LV 1039
Latvia
tel: (371) 737 5667, fax: (371) 737 5464

Latvian Central Statistical Bureau
Kaspars Misans, Director
Lacplesa 1, Riga, LV 1301
tel: (371) 736-6801, fax: 371 783-0137, e-mail:
csb@csb.lv, <http://www.csb.lv>

Latvian Saeima (Parliament)
Jekaba 11, Riga, LV 1050
Latvia
tel: (371) 708-7122; fax: (371) 782-0010

Ministry of Transport
Gogola 3, Riga, LV 1050
Latvia
tel: (371) 722-6922; fax: (371) 721-7180

Ministry of Foreign Affairs
Brivibas 36, Riga, LV 1050
Latvia
tel: 371 (701) 6101; fax: (371) 782-8121

Ministry of Agriculture
Republikas laukums 2, Riga, LV 1981

Latvia
tel: (371) 702-7010; fax: (371) 702-7512

Ministry of Economy
Brivibas 55, Riga, LV 1010
Latvia
tel: (371) 701-3101, fax: (371) 728-0882

Department of Energy
Ministry of Economy
Brivibas 55, Riga, LV 1010
Latvia
tel: (371) 701-3169; fax: (371) 728-0882

Ministry of Interior
Raina Blvd. 6
Riga, LV 1050
Latvia
tel: (371) 7219-212; fax: (371) 721-3142

Ministry of Environmental Protection and Regional
Development
Peldu 25, Riga, LV 1494
Latvia
tel: (371) 702-6417; fax: (371) 702-6553

Ministry of Defense
Valdemara 10-12, Riga, LV 1010
Latvia
tel: (371) 721-0124; fax: (371) 783-0236

Trade Associations, Chambers of Commerce

American Chamber of Commerce in Latvia
J.C. Cole, President
Jauniela 24, Riga LV-1050
Latvia
tel: (371) 721 5205, fax: (371) 782-0090,
<http://www.amchamlatvia.lv>

Latvian Chamber of Commerce and Industry
Voldemars Gavars, General Director
Brivibas Bulvaris 21, 4th floor, Riga LV-1849
Latvia
tel: (371) 7225 595, fax: (371) 782-0092,
e-mail: chamber@sun.lcc.org.lv <http://sun.lcc.org.lv>

Latvian Traders' Association
Henriks Danusevics, Chairman
Gertrudes 36, Riga, LV 1011
Latvia
Tel: (371) 721-7372; fax: (371) 782-1010

Latvian Commercial Bankers' Association
 Teodoras Tverijonas, President
 Stabu 18, Riga LV-1001
 Latvia
 tel: (371) 727 1640, fax: (371) 782 8170

Multilateral Development Bank Offices and Financial Institutions

European Bank for Reconstruction and Development
 Toby Moore, Associate Banker
 Kalku 15, Riga, LV 1050
 Latvia
 tel: (371) 722-5068; fax: (371) 783-0301

World Bank
 Inguna Dobraja, Chief of Mission
 Smilsu 2, Riga, LV 1162
 Latvia
 tel: (371) 722-0744; fax: (371) 782-8058

International Monetary Fund
 Adalbert Knobl, Resident Representative
 Smilsu 1, Room 465, LV 1919
 Latvia
 tel: (371) 7212-384; fax: 371-782-0269

U.S. Department of Commerce Contacts

Karen Pilmanis, Principal Commercial Officer
 Tuula Javanainen, Commercial Specialist
 US Embassy Stockholm
 Dag Hammarskjolds Vag 31
 SE-115 89 Stockholm
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 e-mail: karen.pilmanis@mail.doc.gov
tuula.javanainen@mail.doc.gov

Aldis Celms, Commercial Assistant
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 Latvia
 tel: (371) 721 0005 or (371) 782-0046; fax: (371) 782-0047

U.S. Embassy Riga State Department Contacts

Maryruth Coleman, Senior Political/Economic Officer
 Anne L. Chick, Political/Economic Officer

Iveta Aizbalte, Economic Assistant
 7 Raina Blvd, Riga LV-1510
 Latvia
 tel: (371) 721 0005 or (371) 782-0046; fax: (371) 782-0047

U.S. Department of Agriculture

Robert Tetro, Agricultural Counselor
 U.S. Embassy Stockholm
 Strandvagen 101, SE 115 89, Stockholm
 Sweden, tel: (46-8) 783-5390; fax: (46-8) 662-8495

Jolanta Andersone, Agricultural Assistant
 7 Raina Blvd, Riga LV-1510
 Latvia
 tel: (371) 721 0005 or (371) 782-0046; fax: (371) 782-0047

U.S. Department of State

Sandra Willett Jackson
 EB/CBA, Office of Business Affairs
 Department of State, Washington, D.C. 20520
 tel: (202) 647-1625; fax: (202) 647-3953

Latvian Trade Fairs and Exhibitions in 2000

U.S. companies that are interested in participating in the Latvian trade shows should either contact U.S. Department of Commerce contacts (contact information above), or the shows organizers (contact information below).

Arturs Dombrovskis, Director of Exhibition Department,
 Latvian Chamber of Commerce and Industry, 21 Brivibas
 Blvd., Riga, LV 1849, Latvia, tel: (371) 722-5595; 733-
 3228, tel/fax: (371) 782-0092; fax: (371) 733-2276; E-
 mail: chamber@sun.lcc.org.LV. <http://sun.lcc.org.lv>

Trade Fairs 2000

Feb 04-06	BALTTOUR 2000, Travel Trade, BT 1 & ALTA, International Exhibition Center
Feb 17-20	BALTARS 2000, Baltic Art Exhibition, BT 1, International Exhibition Center
Feb 18-19	HOUSE AND OFFICE, Daugavpils Palace of Culture and Sport
March 2-4	RIGA BEER 2000, Beer and Brewing Technology, BT 1, International Exhibition Center
March 2-4	RIGA GASTRO 2000, BT 1, International Exhibition Center
March 8-12	BUILDING WORLD 2000, Prima SKONTO, Skonto Olympic Hall

March 9-12	BOOK 2000,BT 1, International Exhibition Center
March 9-12	SCHOOL 2000,BT 1, International Exhibition Center
March 16-18	INTERTEXTIL BALTICUM 2000, BT 1, International Exhibition Center
March 17-19	BALTIC STYLE & VOGUE, BEAUTY & FASHION 2000 Creatio, Skonto Olympic Hall
March 23-26	HBS, EXPOO, Skonto Olympic Hall
March 29- April 2	HOUSE I 2000, BT 1, International Exhibition Center
April 5-8	BALTIC IT&T 2000, DT Media Group, Skonto Olympic Hall
April 6-8	EDUCATION 2000, Liepaja Latvian Society Building
April 6-10	SPRING 2000, Agriculture, A.M.L., Exhibition Complex RAMAVA
April 13-15	BUILDING IN LIEPAJA, EXPOO, Liepaja Ice Hall
April 13-16	AUTO + 2000, BT 1 & LAADA, International Exhibition Center
April 14-16	RIGA BOOK FAIR, Creatio, Riga Congress Hall
April 21-22	EDUCATION 2000, Valmiera Secondary School
April 22-24	CHILDREN'S WORLD 2000,BT 1 & RASA EKSPLO
April 22-24	GARDEN & INTERZOO 2000, BT 1 & RASA EKSPLO, International Exhibition Center
April 28- May 1	BALTREST 2000, tourism, BT 1, International Exhibition Center
April 28 May 1	BOAT SHOW 2000, BT 1, International Exhibition Center
April 28-30	CESIS BUSINESS DAYS 2000, CATA Culture Center, Cesis
April 28- May 1	SAFE AND SOUND 2000, Health Promotion, BT 1 & HPC, International Exhibition Center
April 28- May 1	YOUR FOOTPRINTS 2000,tourism, BT 1 & Relaks Tûre, International Exhibition Center
May 3-5	ENERGY 2000, Prima SKONTO and R.A.S.A. - Ekspo, Skonto Olympic Hall
May 4-6	KURZEME 2000, Agricultural and Food Fair, EXPOO, Liepaja Ice Hall
May 6	SMILTENE 2000,Business Day, Premises of Smiltene 8.CBR
May 12-14	CRAFTS 2000, BT 1 & Latvian Chamber of Crafts, International Exhibition Center
May 24-27	HEALTH 2000,Prima SKONTO, Skonto Olympic Hall
May 25-27	BUILDING IN VENTSPILS,EXPOO, Olympic Center Ventspils

May 25-27	ECOBALT 2000, Ecology and Environmental Protection, BT 1 & RASA EKSPŌ, International Exhibition Center
May 25-27	CHEMISTRY 2000, Consumer and Industrial Chemical Products, BT 1 & RASA EKSPŌ, International Exhibition Center
May 25-27	METEXPOBALT 2000, Machine-Building and Metal Working, BT 1 & RASA EKSPŌ, International Exhibition Center
June 1-4	FORTE RIGA 2000, Music Industry, BT 1, International Exhibition Center
June 7-9	BALTIC TRANSIT GATEWAY 2000, Transport, BT 1, International Exhibition Center
June 7-9	WAREHOUSE 2000, Warehouse Equipment and Machinery, BT 1 & RASA EKSPŌ, International Exhibition Center
July	KURZEME MOTORSHOW, EXPO, Liepaja Ice Hall
August 24-26	MOTORWAYS 2000, Baltic Road Conference, BT 1 & Latvian Road Administration, International Exhibition Center
August 24-26	FOOD FEST 2000, EXPOŌ, Olympic Center Ventspils
August 25-27	AUTO EXOTICA 2000, Prima SKONTO, Skonto Olympic Hall
August 26-28	LONDA 2000, Hairdressers Contest, EXPOŌ & Skaistums matu kosmētika Ltd., Riga
August 30- Sep 2, Sep 6-9	TRANSPORT FOR THE COUNTRY 2000, A.M.L., Exhibition Complex RAMAVA
Sep 6-9	INTERNATIONAL FURNITURE EXHIBITION, Janus un Partneri, Skonto Olympic Hall
Sep 6-9	RIGA FOOD 2000, BT 1, International Exhibition Center
Sep 14-16	LIEPAJA BUSINESS DAYS 2000, Liepaja Metalurģs Culture Palace
Sep 20-23	COMFORT 2000, House Equipment and Facing Materials, Prima SKONTO, Skonto Olympic Hall
Sep 20-23	WOOD PROCESSING AND TOOLS 2000, Prima SKONTO, Skonto Olympic Hall
Sep 21-24	INTERFLORISTIKA 2000, Janus un Partneri, Daile Theatre
Sep 21-23	CITY 2000, Infrastructure, BT 1 & RASA EKSPŌ, International Exhibition Center
Sep 22-23	VIDZEME BUSINESS DAYS 2000, Valmiera Culture Center
Sep 28-30	ADVERTISING 2001, Creatio, Skonto Olympic Hall

Members of the Latvian Union of Fair Organisers:

A.M.L. Ltd

Exhibition Complex Ramava, Riga - 76, LV-1076, Latvia
 Tel. +371 7901209; fax +371 7901208
 E-mail: office@aml-ramava.lv; <http://www.aml-ramava.lv>
 Managing Director - Mr. Margers Lusis

BT 1 Ltd

Smerla iela 3, Riga LV-1006, Latvia
 Tel.: +371 7542585, 7542602, 7542628, fax: +371 7821493,
 7540316
 E-mail: bt1@mailbox.riga.lv; <http://www.bt1.lv>
 Managing Director - Mr. Viesturs Tile

CREATIO Ltd

Kugu iela 26-314, Riga LV-1048, Latvia
 Tel. +371 7860047; fax +371 7860006;
 E-mail: info@creatio.lv; <http://www.creatio.lv>
 Managing Director - Mr. Gundars Petersons

EXPOO Ltd

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 Tel./fax +371 7321777, 7321329, 7320842
 E-mail: expoo@parks.lv;
 Managing Director - Mr. Janis Trumpiks

JANUS un PARTNERI Ltd

Vilandes iela 4 - 1, Riga LV-1010, Latvia
 Tel. +371 7281994, tel./fax +371 7284549
 E-mail: janus@apollo.lv
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 President-in-Charge - Ms Mara Simanska

Prima SKONTO Ltd

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 E-mail: info@prima-skonto.lv
 Managing Director - Mr. Oskars Apse

RASA EKSPLO Ltd

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 E-mail: rasa-expo@parks.lv
 President - Mr. Gunars Piladzis

Regional Offices of Latvian Chamber of Commerce and Industry:

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 Director - Mr. Ivo Grundulis

Daugavpils

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 Director - Mr. Vladimirs Nadezdins

Liepaja

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 Director - Mr. Uldis Caune

Other organisers:**DT Media Group**

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